

SECTION III.

GENERAL REQUIREMENTS FOR NON GOVERNMENT SUB-RECIPIENTS

There are numerous non-government sub-recipients who receive funding through the Division of Social Services to provide financial assistance. All contracts identified in the Contracts Database, as Financial Assistance have been reviewed by use of the Contract Determination Questionnaire to determine if they are a Financial Assistance contract. [See Attachment B Contract Determination Questionnaire] All Financial Assistance contracts must be identified in the Section's monitoring plan. Contract managers are responsible for monitoring their assigned contracts. [See Attachment A for a current listing of Financial Assistance Contracts]

A. Risk Assessment

A risk assessment will be completed for each financial assistance contract. Subrecipients will be assessed on the ability of the sub-recipient to comply with the contract rules and regulations and meet the financial management requirements. The assessment criteria include, the size of the award, the complexity of the program, staffing qualifications and turnover, prior experience with the sub-recipient, audit findings or internal controls deficiencies noted. Results of the risk assessment may result in increasing/decreasing the frequency of review, expanding the sample for review, conducting desk audits, etc. Procedures must include written notification informing sub-recipients of the risk level assigned and the results of the monitoring. The use of the Risk Evaluation Matrix is optional and may be used for this purpose. The sections may use an alternate method as described in their monitoring plan. [See Attachment C for Risk Evaluation Matrix for Non Government Subrecipients]

B. Monitoring of Fiscal Controls

Review of fiscal controls will be completed as part of the monitoring activities as described in each contract.

C. Monitoring Activities

Division program monitoring functions shall include, but are not limited to the following types of activities:

1. Reviewing the contract between the Division and the subrecipient agency regarding the federal and state programmatic and fiscal requirements/deliverables;
2. Assessing internal control over compliance requirements to provide reasonable assurance that: funds are disbursed to subrecipients only on an as-needed basis; that funds are disbursed to subrecipients only on the basis of approved, properly completed expenditure reports submitted on a timely basis; that refunds due from subrecipients are billed and collected in a timely manner through the DHHS Controller's Office Accounts Receivable Section and that subrecipients and other

- entities and individuals receiving funds meet eligibility requirements and documentation standards including appropriate record retention;
3. Reviewing financial and program reports received from subrecipients on a timely basis and investigating unusual items;
 4. Reviewing audit reports to evaluate a subrecipients compliance with applicable laws and regulations;
 5. Reviewing the DHHS Monitoring Website prior to a monitoring visit to determine if the contractor/subrecipient has previously been monitored. Contract managers should review the risk assessment and previous monitoring compliance concerns. This will provide valuable information to assist in planning the monitoring visit and reduce redundant work effort.
 6. Monitoring tools will be distributed to the contract vendors. This will enable contract vendors to monitor their performance in meeting contract requirements.

D. Monitoring Report and Corrective Action

A written report is required on all On-Site Reviews and Desk audits. The report is due 45 calendar days from the date of the review. The report must include a summary of the monitoring results, a list of the cases pulled (if applicable) and findings for all cases reviewed. If corrective action is necessary, a plan must be documented.

When a non-allowable cost finding is made, corrections or fixes must be made effective with the review month used for the monitoring.

If the contract manager suspects' internal fraud during the review of the contract, the Section Chief/Division Director must be notified, the Section Chief will prepare an SBI Report and consult with the Internal Auditor and the Division of Budget and Analysis. In the event that the Internal Auditor agrees that the Division's suspicions are well founded, the DHHS Office of the Internal Auditor will coordinate an audit/investigation as deemed appropriate with the Office of State Auditor, internal staff, Federal authority, local law enforcement authorities, and/or the SBI

E. Updating DHHS' Monitoring Website

At the beginning of the fiscal year each contract administrators must review the base record imported from the previous year's database for accuracy of the following:

- Subrecipients Name and Federal ID number; Subrecipient Administrator/ Agent's Name, Mail and Street address, Email address, Phone number and Fax number.
- Program Name and relevant compliance requirements.
- Contract ID Number and contract period.
- Type of subrecipient (not-for-profit, governmental organization, public authority, for-profit, etc.)
- Total Contract/Grant Amount and funding source name and amount for federal, state and other funds.

The DHHS Monitoring Website must be updated within 45 calendar days from date of the monitoring review. This is extremely important as other sections/divisions use the results in their risk assessment.

Each contract manager will update the monitoring website with the results/findings of monitoring visits (including corrective action plans), assignment of risk assessment, status of follow-up activities for prior year findings and status of paybacks, and schedule of On-site Reviews/Desk Reviews for the current SFY. In addition a Year end monitoring Report must be completed within 45 calendar days of the end of the State Fiscal Year. Since all contracts do not end on June 30, some monitoring will be not be completed by June 30 of each year. In this instance the results of the monitoring for the period July 1, until the contract ending date will be included in the next SFY Monitoring Data Base.